

**Minutes of the
Cash Management Advisory Board
January 30, 2017
Via Telephone Conference Call**

Attendees:

William Desautelle, CMAB Member
J. Victor Thompson, CMAB Member
Lawrence Wilson, Assistant Treasurer, Cash Management
Michael Terry, Principal Investment Officer, STIF
Paul Coudert, Investment Officer, STIF
Peter Gajowiak, Securities Analyst, STIF

Minutes:

Assistant Treasurer Lawrence Wilson called the meeting to order at 10:03 a.m.

The minutes of the October 26, 2016 meeting were approved unanimously.

Mr. Terry stated that the Federal Reserve raised interest rates by 25 basis points and looks as though they will not raise them again until June. One thing that could slow the Fed is a strong U.S. dollar which acts as a de facto rate increase. The weighted average life of STIF has been kept a little short and the credit portion has been laddered out to six months. Mr. Terry added that the markets have been somewhat calm over the rate hike in December. Mr. Thompson asked if corporate credits are trading cheaper than anticipated prior to money market reform. Mr. Terry stated that they are trading where expected. Mr. Thompson stated that it is better to take a little credit risk than a lot of interest rate risk.

Mr. Coudert gave an overview of STIF's portfolio characteristics and performance. Mr. Coudert stated that for the period ending December 31, 2016, STIF earned an average annualized yield of 46 basis points versus 37 basis points for the iMoneyNet benchmark. For the one year period ending December 31, 2016, STIF earned 42 basis points versus 26 basis points for the benchmark. According to Mr. Coudert, STIF's current yield is 64 basis points with an average life of 36 days. Mr. Coudert added that STIF continue to contribute to the reserve which now totals \$53.6 million. Daily liquidity is approximately \$3.1 billion or 48% of the fund, and nearly 40 percent of the portfolio is invested in securities with some sort of government support such as government backed repurchase agreements, agency securities, FDIC insured deposits, Federal Home Loan Bank letters of credit, and government money funds.

Mr. Coudert stated that the Extended Investment Portfolio had assets of \$230 million earning 67 basis points and had an average life of less than two days.

Mr. Wilson stated that the Treasurer approved several change to STIF's strategy. The first change is to allow daily liquidity to be the greater of 30 percent of assets or the total of municipal investors. The other change raises the limit of the average life to increase to 50 days from 45 days. Mr. Wilson added that Standard and Poor's reaffirmed STIF's AAAm rating in December.

With no further business, Mr. Wilson adjourned the meeting at 10:17 a.m.